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Producers 88 (4-89) — Paid Up With 640 Acres Pooling Provision STANDARD LEASE v.5

## PAID UP OIL AND GAS LEASE (No Surface Use)

| THIS LEASE AGREEMENT IS made this 8 day of 100 cm  | , 2008, by and between     |
|--|----------------------------|
| Cedric Anderson-Dimenson of Power  | , <b>,</b> <del></del>     |
| whose addresss is 2304 Jenson Cir. Fort Worth, Texas 76123   | as Lessor,                 |
| and, DALE PROPERTY SERVICES, L.L.C., 2100 Ross Avenue, Suite 1870, Dallas, Texas 75201, as Lessee. All printed portions of this lease to   | were prepared by the party |
| hereinabove named as Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.  1. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusive   | ly to Legges the following |
| described land, hereinafter called leased premises:  | ly to Leasee the following |
| 1911 1900 001 1200 200 001 000   | ·                          |
| ./9() ACRES OF LAND, MORE OR LESS, BEING LOT(S) 2/ ADDITION, AN ADDITION   | 16 4                       |
| OUT OF THE 1/ensent 6/nde ADDITION, AN ADDITION  | TO THE CITY OF             |
| FORT WORK THAT CERTAIN F   | PLAT RECORDED              |
| IN VOLUME 388-X PAGE 62 OF THE PLAT RECORDS OF TARRANT COUN  | TY, TEXAS.                 |
|  |                            |
| in the County of Tarrant, State of TEXAS, containing 196 gross acres, more or less (including any interests therein which Lessor   | may hereafter acquire by   |
| reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocar  | bon and non hydrocarbon    |
| substances produced in association therewith (including geophysical/seismic operations). The term "gas" as used herein includes helium, commercial gases, as well as hydrocarbon gases. In addition to the above-described leased premises, this lease also covers accretions and an | carbon dioxide and other   |
| land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described leased premises, and, in consideration of the af-  | orementioned cash bonus    |
| Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so   | covered. For the purpose   |
| of determining the amount of any shul-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually i  | nore or less.              |
| 2. This lease which is a "naid-up" lease requiring no contain shall be in force for a primary term of Figure /Swears from the date based and   |                            |

- for a primary term of <u>FIVE</u> (<u>>)</u>years from the date hereof, and for or gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof.

  3. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons
- separated at Lessee's separator facilities, the royalty shall be <u>Twenty-Five (25%)</u> of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity; (b) for gas (including casing head gas) and all other substances covered hereby, the royalty shall be Twenty-Five (25%) of the proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and the costs incurred by Lessee in delivering, processing or otherwise marketing such gas or other substances, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases hereunder; and (c) if at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable of either purchases hereunder; and (c) if at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable of either producing oil or gas or other substances covered hereby in paying quantities or such wells are waiting on hydraulic fracture stimulation, but such well or wells are either shut-in or production there from is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing in paying quantities or the purpose of maintaining this lease. If for a period of 90 consecutive days such well or wells are shut-in or production there from is not being sold by Lessee, then Lessee shall pay shut-in royally of one dollar per acre then covered by this lease, such payment to be made to Lessor's credit in the depository designated below, on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut-in or production there from is not being sold by Lessee; provided that if this lease is otherwise being maintained by operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shut-in royally shall be due until the end of the 90-day period next following cessation of such operations or production. Lessee's failure to properly pay shut-in royally shall render Lessee fighte for the amount due, but shall not operate to Lermingte this lease.

lands pooled therewith, no shul-in royally shall be due until the end of the 90-day period next following cessetion of such operations or production. Lessee's failure to properly pay shul-in royally shall render Lessee liable for the amount due, but shall not operate to terminate this lease.

4. All shul-in royally payments under this lease shall be paid or tendered to Lessor or to Lessor's credit in \_at lessor's address aboye\_ or its successors, which shall be Lessor's depository agent for receiving payments regardless of changes in the ownership of said land. All payments or tenders may be made in currency, or by check or by draft and such payments or tenders to Lessor or to the depository by deposit in the US Malls in a stamped envelope addressed to the depository or to the Lessor at the last address known to Lessee shall constitute proper payment. If the depository should liquidate or be succeeded by another institution, or for any reason fail or refuse to accept payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper recordable instrument naming another institution as depository agent to receive payments.

5. Except as provided for in Paragraph 3, above, if Lessee drills a well which is incapable of producing in paying quantities (hereinafter called "dry hole") on the leased premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 3 or the action of any governmental authority, then in the event this lease is not otherwise obtaining or restoring production on the leased premises or lands pooled therewith within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production. If at the end of the primary term, or at any time thereafter, this lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other operations reasonably calculated t

to (a) develop the leased premises as to formations then capable of producing in paying quantities on the leased premises or lands pooled therewith, or (b) to protect the leased premises from uncompensated drainage by any well or wells located on other lands not pooled therewith. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.

6. Lessee shall have the right but not the obligation to pool alt or any part of the leased premises or interest therein with any other lands or interests, as to any or all depts or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 840 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or agas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority, and it is one definition is so prescribed, foll well? means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel and 'gas well' shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, it no definition is so prescribed, foll well? means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel and 'gas well' shall all a subject to more per barrel, based on 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means an oil well in which the horizontal component of the gross completion interval in facilities or equivalent testing equipment; and the te

0. The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the rights and obligations of the parties bereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or certified or duty authenticated copies of the documents establishing such change of ownership to the satisfaction of Lessee or until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. In the event of the death of any person entitled to shull-in royallies to the credit of decadent's estate in the depository designated above. If at any time two or mersons are entitled to shull-in royallies because the event of the depository designated above. If at any time two or mersons are entitled to shull-in requires a case may pay or tender such above. If at any time two or more persons are entitled to shullin royalties hereunder, Lessee may pay or tender such shullin royalties to such persons or to their credit in the depository, either joinity or separately in proportion to the interest which each owns. If Lessee transfers its interest hereunder in whole or in part Lessee shall be relieved of all obligations thereafter arising with respect to the transferred interest, and failure of the transferred to satisfy such obligations with respect to the transferred interest shall not affect the rights of Lessee with respect to any interest not so transferred. If Lessee transfers a full or undivided interest in all or any portion of the area covered by this lease, the obligation to pay or tender shull-in royalites hereunder shall be divided between Lessee and the transferre in proportion to the net acreage interest in this lease then held by each.

9. Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this tease as to a full or undivided interest in all or any portion of the area covered by this lease or any depths or zones there under, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released. If Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionalely reduced.

in accordance with the net acreage interest retained hereunder.

10. In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises or lands pooled or unitized herewith, in primary and/or enhanced recovery, Lessee shall have the right of lingress and egrass along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelinos, tanks, water wells, disposal wells, injection wells, pits, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, produce, slore, treat and/or transport production. Lessoe may use in such operations, free of cost, any oil, gas, water and/or other substances produced on the lessed premises, except water from Lessor's wells or ponds. In exploring, developing, producing or marketing from the leased premises or lands pooled therewith, the ancillary rights granted hards in which Lessor now or hereafter has authority to grant such rights in the vicinity of the leased premises or lands pooled therewith. When requested by Lessor hards in which Lessor now or hereafter has authority to grant such rights in the vicinity of the leased premises or lands pooled therewith. When requested by Lessor hards and the responsible of the responsible of the region of the responsible of such premises or such other lands, and to commercial timber and growing crops thereon. Lessee shall have the right at any time to remove its lixtures, equipment and materials, including well casing, from the leased premises or such other lands during the term of this lease or within a reasonable time thereafter.

11. Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority production or other operations are prevented or delayed by such laws, rules, regulations or orders, or by linability to obtai 10. In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises or lands pooled or unitized herewith, in

12. In the event that Lessor, during the primary term of this lease, receives a bone filte offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of lifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.

13. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee falls to remedy the breach or default, within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or canceled in whole or in part unless Lessee is given a reasonable.

time after said judicial determination to remedy the breach or default and Lessee falls to do so.

14. For the same consideration recited above, Lessor hereby grants, assigns and conveys unto Lessee, its successors and assigns, a perpetual subsurface well bore easement under and through the leased premises for the placement of well bores (along routes selected by Lessee) from oil or gas wells the surface locations of which are situated on other tracts of land and which are not intended to develop the leased premises or lands pooled therewith and from which Lessor shall have no right to royally or other benefit. Such subsurface well bore easements shall run with the land and survive any termination of this lease.

15. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or tiens existing, tevide or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-n royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

16. Notwithstanding anything contained to the contrary in this lease, Leasee shall not have any rights to use the surface of the leased premises for drilling or other

17. This lease may be executed in counterparts, each of which is deemed an original and all of which only constitute one original.

DISCLAIMER OF REPRESENTATIONS: Lessor acknowledges that oil and gas lease payments, in the form of rental, bonus and royally, are market sensitive and may vary depending on multiple factors and that this Lease is the product of good faith negotiations. Lessor understands that these lease payments and terms are final and that Lessor entered into this lease without duress or undue influence. Lessor recognizes that lease values could go up or down depending on market conditions. Lessor acknowledges that no representations or assurances were made in the negotiation of this lease that Lessor would get the highest price or different terms depending on future market conditions. Neither party to this lease will seek to alter the terms of this transaction based upon any differing terms which Lessee has or may negotiate with any other lessors/oil and gas owners.

| IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written helrs, devisees, executors, administrators, successors and assigns, whether or not this lease LESSOR (WHETHER ONE OF MORE) |  |
|--|--|
| By. Cedic Anderson   | Ву:  |
| STATE OF <u>Texas</u>  |  |
| COUNTY OF Tarrapt This instrument was acknowledged before me on the great day of August 200.   | 0, by: Cadric Anderson Dimension of Fower  |
| JOE N. SCOTT  Notary Public, State of Texas  My Commission Expires  February 24, 2010  | Notary Public, State of Texals Notary's name (printed): Nutary's commission expires: |
| STATE OF <u>Texas</u> COUNTY OF <u>Tarrant</u> This instrument was acknowledged before me on theday of, 200  | მ, ხy:   |

Notary Public, State of TOXAS Notary's name (printed): Notary's commission expires:



## DALE RESOURCES LLC 2100 ROSS AVE STE 1870 LB-9

**DALLAS** 

TX 75201

Submitter: DALE RESOURCES LLC

SUZANNE HENDERSON TARRANT COUNTY CLERK TARRANT COUNTY COURTHOUSE 100 WEST WEATHERFORD FORT WORTH, TX 76196-0401

## <u>DO NOT DESTROY</u> WARNING - THIS IS PART OF THE OFFICIAL RECORD.

\$20.00

Filed For Registration: 08/14/2008 09:11 AM
Instrument #: D208318409
LSE 3 PGS

By:

D208318409

ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

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